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**Bringing Sports TV into the 21st Century: A Strategy Plan for the
Portuguese Football League – Financial Evaluation and Impact
on Portuguese Football**

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Abstract

With the introduction of a collective bargaining model for the joint sale of broadcasting rights for Portugal's top two football divisions, broadcasting revenues need to increase significantly to avoid declining revenues for Portugal's biggest clubs. As this would jeopardise the long-term viability of Portuguese football, this paper develops a strategic plan that helps broadcasters boost revenues for acquiring these rights. Results suggest that a tiered pricing model with a cheaper ad-based subscription would be well received by fans and could significantly increase revenues. However, the major Portuguese clubs would continue to face revenue declines.

Keywords: Sports Strategy; Football; Liga Portugal; Advertising; Data Privacy; TV Broadcasting Rights; Subscription Models

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List of Abbreviations

Ad	Advertisement
BCG	Boston Consulting Group
DPIA	Data Protection Impact Assessment
DPO	Data protection officer
EFF	Electronic Frontier Foundation
FLoC	Federated Learning of Cohorts
GDPR	General Data Protection Regulation
LED	light-emitting diodes
LP	Liga Portugal
LPFP	Liga Portuguesa de Futebol Profissional
OTT	Over-the-Top
PFA	Portuguese Football Association
PII	Personally identifiable information
TV	Television
UID 2.0	Unified ID 2.0
VAR	Video assistant referee

1 Introduction

“Applying the new distribution model will be disastrous for the three main Portuguese clubs and also for SC Braga” (Servir o Benfica 2022).

The announcement by Liga Portugal (LP) and the Council of Ministers in 2021 to centrally negotiate the allocation of television (TV) and media rights from the 2027/28 season onwards and to use a new model for the distribution of TV money has brought great uncertainty, especially for the top Portuguese clubs. It is expected that if revenues from the sale of TV and media rights do not increase significantly, the new distribution model will cause significant revenue losses for the four biggest Portuguese clubs, thereby jeopardising the European competitiveness of Portuguese football (Servir o Benfica 2022). In addition, these changes are being introduced when sports broadcasters, in general, are struggling with difficult economic conditions and thus generating losses. Therefore, it is unlikely that Portuguese broadcasters will be able to increase their expenditure to acquire TV rights with their current strategy (Sagar 2022; Pekic 2019).

At the same time, the advent of new technical inventions has revolutionised the advertising industry, mainly digital advertising, enabling broadcasters and publishers to display more advertisements (ads), address target groups more effectively and generate new streams of revenue. While these possibilities are widely leveraged by social media companies and American sports broadcasters, European football broadcasters have yet to capitalise on them.

For this reason, this Field Lab, in collaboration with Sports Alliance, aims to create a strategic plan that will analyse and outline how Portuguese sports broadcasters can successfully implement current advertising technologies during live broadcasts of football games to develop new revenue streams, thereby mitigating the potential financial losses of the Portuguese top clubs caused by the new distribution model. Furthermore, this paper aims to assess the financial impact of these innovations on the allocation of TV and media rights.

First, a brief explanation of the methodology is provided to shed light on the scientific theories and concepts underlying this thesis. To gain an overview of the football industry, as part of the theoretical background, both the development of media rights in football and the individual and centralised models for selling these rights are described. An industry overview of collective bargaining models in different football leagues precedes this. Thereafter, Portugal's proposed centralised sale of football broadcasting rights is examined in greater detail to highlight the particularities of the Portuguese league and illustrate potential difficulties. The second part of the theoretical background then describes the emergence of advertising in football, outlining the development of ads and the current trends and technologies used to present possible advertising opportunities in football. To illustrate the potential of the advertising strategy developed in this paper, an explanation of how game interruptions can be leveraged within the context of advertisements is given. The strategic plan is then presented, which includes, among other things, the project idea, and an action plan for football broadcasters. To gain further insights into the financial potential, a calculation of the monetary value is carried out. Finally, the conclusion and the description of the limitations and implications for future research form the last part of the thesis.

2 Methodology

To provide informed recommendations and develop a strategic plan for the Portuguese league, this paper utilises the Situation, Complication, Question and Answer (SCQA) framework presented by Minto (2010) (Appendix 1). The current situation and resulting complications are primarily covered within the theoretical background, for which a systematic qualitative literature review is carried out. According to Torraco (2005) and Baumeister and Leary (1997), literature reviews are effective for providing an overview of a topic, assessing the state of knowledge on a particular subject, or discussing a particular issue. In addition, Snyder (2019) argues that literature reviews are valuable for providing a basis when developing a new concept

or theory. Subsequently, the challenges faced by LP and the major Portuguese clubs, identified in the theoretical background, pose the question of how to increase revenues from the sale of football broadcasting rights in Portugal. This paper develops a strategic plan to answer this question, followed by an assessment of the potential financial impact. The potential financial impact is evaluated using the conceptual revenue model framework developed by Professor Meyer (2019). This framework outlines five key categories that comprise a revenue model that helps businesses understand through which avenues they can generate financial income.

3 Theoretical Background

3.1 Sport Media Rights

Evolution of Media Rights in Football

Sports broadcasting, the coverage of sporting events via radio, TV, or alternative broadcasting mediums, has been around for a considerable time, commencing even before the Second World War (Turner, 2007). Traditionally, however, sports broadcasting had a different standing than today, especially from an economic point of view. Initially, sports organisations relied heavily on gate receipts, i.e., the sale of tickets, as their primary source of income. Sports organisations were fearful that broadcasting sporting events would lead to a decline in fan attendance and subsequently diminish revenues (Andreff and Staudohar 2000). The financial gains related to sports broadcasting were deemed minimal at best, if not detrimental to sports organisations, hence broadcasting did not play a significant role. The fear of diminishing revenues even led to so-called 'blackout' rules, restricting the number of matches broadcasters can broadcast live. Such rules are still in place today, for instance, in the English Premier League, England's top-tier of professional football (Kringstad, Solberg, and Jakobsen 2018).

Nonetheless, the relationship between sports organisations and broadcasters has evolved to the point that there are now mutual benefits or interdependencies between the two. For broadcasters, sporting events provide a much sought-after source of entertainment, attracting

large audiences and, in turn, enabling sports organisations to capitalise on the high demand by selling media rights to broadcasters at a premium. Several scholars point out that the rise of sports broadcasting and TV can be attributed to both a technological revolution and deregulation within the broadcasting industry (Turner 2007; Noll 2007). Historically, sports content distribution mainly rested with only one major TV network that paid only small fees for broadcasting rights (Noll 2007). According to Evens and Lefever (2011), sports was regarded as an essential aspect of national culture which is why state-funded public broadcasters within Europe made sure to broadcast live sporting events. However, they were often the only broadcaster to do so. Consequently, these broadcasters typically enjoyed monopolistic positions within the sports media industry. Nevertheless, this changed with technological advancements that paved the way for new methods of distributing and consuming sports content (Turner 2007). With new technologies, broadcasters could reach consumers through various channels, be it satellite, cable or now over-the-top (OTT) services. This has resulted in the entry of many new players within the broadcasting market, substantially altering the landscape for sports broadcasting. In line with technological advancements, the deregulation of the industry played an influential role in reshaping the market. One reason for the dominance of state-funded public broadcasters was that the market was highly regulated, limiting the entry of new content providers (Noll 2007). Once governments removed regulatory policies governing the broadcasting sector, the purchasing power for media rights shifted away from free public service broadcasters to commercial broadcasters, including pay TV. The digital revolution and liberalisation in the broadcasting sector, evident in the emergence of many new private and public broadcasters, contributed to a considerable increase in the value of sports broadcasting (Andreff and Staudohar 2000). Given the increased competition among broadcasters, sports organisations are better positioned to negotiate more profitable deals and sell their media rights at higher prices. Despite the competitive environment for acquiring media rights for live

sporting events, broadcasters have also reaped significant financial gains. The emergence of new technologies that have provided additional channels for reaching consumers and the growing demand for sports content has given broadcasters advertising opportunities and branding power they did not previously have (Evens and Lefever 2011).

Today, broadcasting is considered integral for the financing of sports organisations, in particular, football clubs. According to Andreff and Staudohar (2000), the current business model of professional football organisations can be classified as the ‘Media-Corporations-Merchandising-Markets-Global’ model, whereby financing primarily relies on the sale of media rights. Similarly, Evens and Lefever (2011) argue that selling broadcasting rights is directly linked to sports organisations’ competitiveness and financial health. In fact, for the fiscal year of 2021, revenue from domestic broadcasting deals represented, on average, 36% of football clubs’ total revenue. In some cases, it even accounted for as much as 80% of total revenues (UEFA Intelligence Centre 2021). These figures further underpin how vital broadcasting deals are in today’s football environment. Given the increasing role of broadcasting within football, many have now turned their attention to how these contracts should be negotiated and structured to maximise profits and further progress the game.

Individual versus Centralised Sale of Media Rights

There are two distinct but not mutually exclusive approaches to selling sports broadcasting rights. One approach encompasses the individual sale of media rights, wherein sports organisations can negotiate the sale with broadcasters individually. Hereby ownership of media rights generally lies with the club hosting a match. The alternative approach considers the joint sale of media rights via a collective bargaining agreement in which leagues and sports organisations pool together to sell their media rights collectively. In addition, a mixture between both models is possible. The best approach has been subject to frequent debate among

stakeholders and is called into question by competition authorities (Heller, Sudaric, and Winkler 2021).

If teams sell their rights individually, the price for each football clubs' media rights is determined by the size of their fanbase, which drives demand for broadcasters. Hereby, various factors can influence the size of a fanbase, including a team's local market size, team quality, success, and reputation (Noll 2007). Since the size of a fan base varies across different teams, not all football clubs possess the same market power. Teams with a more extensive fan base, therefore, enjoy a competitive advantage as they can charge broadcasters higher fees for their media rights, which leads to higher revenues. Since both team quality and success influence the size of a fan base, these clubs can use the additional revenue to strengthen their team further, enabling them to solidify their market power. Consequently, financial disparities between the league's top and bottom-earning teams emerge and expand over time. For this reason, it is argued that leagues become less competitive and subsequently less attractive to consumers (Ernst & Young 2021). As a result, various football leagues within Europe have adopted a centralised sale of broadcasting rights.

Under the collective model, the supply side, namely football associations together with leagues, limits the supply of broadcasting rights by selling them jointly. By restricting the supply side to one seller, media rights holders can establish a monopoly and thus maximise the payments they receive from broadcasters. Subsequently, utilising the collective approach enables football clubs and leagues to generate higher total revenues from broadcasting rights compared to the individual approach. However, given that competitors collude to extract maximum profits from buyers by constraining output and raising prices, such cooperation among league participants is considered to constitute a cartel (Budzinski, Gaenssle, and Kunz-Kaltenhäuser 2019). As such, various competition authorities, including the European Commission, have turned their attention to this matter. To protect consumer welfare and safeguard competition within the

broadcasting industry, the European Commission has introduced partial unbundling and a no-single-buyer rule. More specifically, the selling side is required to create several separate packages, i.e., bundles, which are then sold to multiple broadcasters. The resulting increased competition between broadcasters is expected to lower prices for consumers. However, if these bundles are not substitutes but rather complementary products, the imposed rule could have an adverse effect (Budzinski, Gaenssle, and Kunz-Kaltenhäuser 2019). In this case, consumers would be burdened by having to purchase multiple subscriptions, and broadcasters may not be incentivised to reduce prices for consumers. A further advantage of the collective model, however, is that the accruing revenue is allocated among all teams based on a predefined distribution model, seeking a more balanced allocation of revenues by considering additional factors such as merit (Evens and Lefever 2011). The distribution system is meant to ensure that smaller clubs receive a larger share than the share they would have received under an individual sale of broadcasting rights. As a result, financial gaps between the league's top and bottom teams can be reduced, safeguarding the competitiveness within domestic leagues. Nonetheless, Falconieri, Frédéric, and Sákovics (2004) note that this could lead to a free-riding effect, whereby football clubs, particularly smaller ones, are less incentivised to invest as they are guaranteed to receive a certain share. Furthermore, since revenues are allocated more balanced across all teams, it implies that total revenues from the sale of broadcasting rights need to be considerably higher so that the biggest football clubs within domestic leagues do not experience a decline in revenues. A decline in revenues could significantly hinder the chances of success for these clubs in international competitions and, in turn, could be detrimental to the entire league.

All in all, these findings show that there are no clear indications of which approach is best and suggest that depending on various circumstances, the optimal negotiation model may vary between leagues.

Industry Overview of Bargaining Collective in other Football Leagues

A comparison of European football leagues reveals that most leagues market their TV rights centrally and engage in collective bargaining tailored to each market's specific characteristics. The following benchmark analysis examines leagues that allocate their TV rights centrally via collective bargaining. With this, the two European football leagues (Premier League and LaLiga) with the most valuable broadcasting contracts as well as two football leagues similar to the LP in terms of strength (Eredivisie) and market size (Süper Lig), are examined in greater detail (Appendix 2). The analysis focuses on the contract and market's peculiarities and development in recent years.

Premier League

The English Premier League earned €2,669 million from broadcasting rights in the 2019/20 season, the most of any football league and almost a billion euros more than the second most lucrative league in Spain, LaLiga. Since the league's inception in the 1990s, a new broadcast contract has been renegotiated every few years and has steadily increased in value. The current contract runs from 2019 to 2022, and a new agreement which will last until 2025 is already in place. In Great Britain, a distinction is made between the domestic and foreign markets for TV rights. The total value for the domestic market is £1.69 billion, significantly higher than the TV revenues of the other European leagues. The dominance of TV rights revenue is exemplified by Sheffield United, which received the least amount of money (£98 million) from TV rights in England for the 2020/21 season, yet still generated more revenue than most of Europe's top clubs. In addition, the distribution of TV money from the domestic market in England is characterised by the highest equality in Europe (UEFA Intelligence Centre 2021). The domestic TV revenues are distributed 50% equally, 25% based on sporting merit, and 25% based on TV appearances, i.e., how often the team's game is selected for a live broadcast. The current deal marks the first time the foreign market is worth more than the domestic market. Over the last

20 years, it has risen sharply and is currently worth \$1.75 billion. As such, the foreign market is becoming increasingly important for the Premier League.

LaLiga

In Spain, media rights were decentralised in 1999 up until the 2016/2017 season. As a result, the two biggest teams in Spain (Real Madrid and FC Barcelona) were able to sign large TV deals, while smaller teams could not compete. In the 2015/16 season, the gross income value of the third-placed team Atletico Madrid was £167 million, three times less than the gross income values of Real Madrid and FC Barcelona at £543 million and £595 million, respectively (Dispensable Soccer 2018). After protracted negotiations, LaLiga's president Javier Tebas confirmed in April 2015 the introduction of the centralised sale of audio-visual rights instituted by the Spanish government's Royal Decree-Law (LaLiga 2015). A model similar to the one used in the English Premier League was presented, aimed at increasing overall revenues and distributing them more fairly, thus increasing the competitiveness of the teams. Revenues from selling media rights in Spain are split 50% equally between the teams in the first division, 25% according to performance over the last five years and 25% according to clubs' fan bases (Carlos Gazapo 2018). In the first few years after implementation, broadcasting revenues increased by over 70%, making LaLiga the second most valuable football league in Europe, with TV revenues for the 2019/20 season totalling €1.71 billion (Deloitte 2021). Although Real Madrid and FC Barcelona continued to dominate the league, it enabled smaller teams to pay more considerable transfer fees and salaries (Dispensable Soccer 2018). In 2021, in contrast to other European leagues, including Germany, Italy and France, which have had to sign new contracts with lower revenues, LaLiga was able to increase its revenues again thanks to new contracts with a TV broadcaster and an OTT video streaming service for the domestic market (Fernando Kallas and Corina Pons 2021). Moreover, the league is trying to break new ground in the foreign market by launching a direct-to-consumer streaming platform in China, which is offered as a

freemium product and will broadcast all LaLiga matches this season (Rory Jones 2022). In the summer of 2022, the top Spanish club FC Barcelona made headlines in the media regarding the sale of their broadcasting shares. Barcelona sold 25% of its TV revenues over the next 25 years to the global investment firm Sixth Street in return for a higher three-digit million fee. The deal had to be approved at an extraordinary general meeting, and according to FC Barcelona's president, it aims to improve the clubs' capital strength and competitiveness (FC Barcelona 2022).

Eredivisie

The Dutch Eredivisie is quite comparable to LP. Both countries have a strong football culture and are ranked sixth (Portugal) and seventh (Netherlands) in the UEFA 5-Year Country coefficient. Furthermore, the best teams of the two leagues are similarly successful in Europe, with Ajax (Netherlands) ranking 15th and Porto (Portugal) ranking 16th in the UEFA 5-year coefficient. However, LP generated more than twice as much revenue from broadcasting rights than the Dutch league in the 2019/20 season, despite having 40% fewer inhabitants than the Netherlands (Deloitte 2021). In the Netherlands, revenues from TV broadcasting rights have increased only slightly in recent years and amounted to €119 million in the 2021/22 season.

As one of the few leagues in Europe, Eredivisie distributes 100% of its revenues from national TV broadcast rights according to sporting success. As a result, the average high-to-median ratio of TV revenue distribution in the Netherlands increased from 2.3x in 2011 to 3.0x in 2020, thereby becoming one of the highest in Europe. The high-to-median ratio shows how much the club with the most TV revenue receives compared to a club with the median amount. As such, a value of 2 means that the club with the most revenue receives twice as much as the club with the median amount. In the same period, the average high-to-median ratio in Europe fell from 2.7x to 2.1x. The distribution, however, is significantly less skewed than in Portugal (9.2x) (UEFA Intelligence Centre 2021). TV revenue from foreign markets, on the other hand, is

distributed equally among all teams, despite opposition from the prominent Dutch clubs who want to market themselves internationally independently (Jonathan Rest 2021).

Süper Lig

Despite having eight times the population of Portugal, the Turkish Superliga has only been able to generate comparable revenues to LP from selling TV rights in recent years. Unlike most other leagues, in Turkey, domestic and foreign media rights are negotiated in one contract. In the Turkish league, 37% of the revenues from domestic TV rights are distributed equally among the teams and 63% according to sporting merit. In terms of differences (high-to-median ratio) in the distribution of TV money, the Turkish league is in line with the European average (UEFA Intelligence Centre 2021). After increasing every year since the 2012/13 season, the Turkish league's revenue from the sale of TV rights came to a halt with the signing of a new contract in 2019 that brought in 20% less (€371 million) per year (UEFA Intelligence Centre 2021). Moreover, the proposals for the next contract are significantly lower, threatening the teams' financial viability (Daily Sabah 2022). In this context, the Covid-19 pandemic, personal intrigues, and significant problems with piracy are considered the main drivers of the negative development (Amanda Christovich 2022).

Distributional Differences

The leagues use different distribution systems for broadcast revenues. In most European leagues, one part is distributed evenly, and another is distributed according to sporting merit (either according to the previous season's performance or over several years). Furthermore, the last part is often distributed according to other metrics such as fan base or TV appearance. Bosnia and Herzegovina, Croatia, Scotland, and the Netherlands are countries that distribute their national TV funds entirely according to sporting success. Eight low-ranked leagues distribute their broadcasting funds equally (UEFA Intelligence Centre 2021). The majority of

the major leagues have similar distribution models, with the exception of Germany, which uses an additional metrics and favours teams that are promoting young domestic players (Appendix 2). It should also be noted that leagues with comparable market size and strength award similar amounts of money to teams, as is shown by the comparisons between the German and Italian or the Turkish and Dutch leagues. A further comparison between the leagues illustrates the absolute dominance of the English Premier League. In Europe, only the three Spanish teams, FC Barcelona (€166 million), Real Madrid (€163 million) and Atletico Madrid, earned more than the worst team in the English Premier League (Sheffield United, £98 million), whereas other European top teams like Bayern Munich (€90 million) or Inter Milano (€73 million) bring in less money (Appendix 2).

Although in the last ten years, on average, money has been distributed more equally (UEFA Intelligence Centre 2021), this has had little impact on sporting performance and greater equality of opportunity. In Germany, Bayern Munich has been champion for ten years, and in France, Paris St. Germain has been crowned champion eight times over the same period. In Italy, Juventus Turin were champions just as often, while in Spain, the three big teams Real Madrid, Atletico Madrid and Barcelona have dominated. Only the English Premier League has had a real sensation in the last ten years, with five different champions and one of them being Leicester City in 2015/16.

In conclusion, TV broadcasting rights are sold centrally in most cases. However, the models are adapted to the respective local circumstances, which leads to considerable differences in the distribution of revenue from TV rights among teams. Nevertheless, broadcasting revenues are generally distributed more equally today than in the past. Furthermore, a look at the five major leagues in Europe (Premier League, LaLiga, Serie A, Bundesliga, Ligue 1) shows that collective bargaining does not equate to endless growth. Germany, France, and Italy will earn slightly less with their new agreements. Findings also suggest that European football is looking at new

markets, particularly Asia, and seeking new growth opportunities. In this context, there is a discernible trend to sell rights to digital OTT platforms. In the French Ligue 1, Amazon will already have the majority of rights, while DAZN will become the principal broadcast partner in the Italian Serie A and the Spanish LaLiga. However, this trend has yet to emerge in more minor leagues. Moreover, since the Covid-19 pandemic impacted negotiations, it has become evident that football is not invulnerable to crises.

Centralised Sale of Broadcasting Rights

While most of Europe's football leagues, including the top five, have already adopted a centralised model for selling broadcasting rights, Portugal has now followed suit. LP and the Portuguese Football Association (PFA) have signed a collective bargaining agreement to centralise TV and multimedia rights for football matches in Portugal's top two professional divisions. The centralised model will come into effect following the 2027/28 season once all teams' current deals expire.

According to the statement made by the Portuguese Government, the primary objective is to enhance total revenue from the sale of broadcasting rights and to distribute it in a more equitable fashion among the football clubs (Portuguese Republic Government 2021). As mentioned previously, a centralised model provides the selling side with greater bargaining power and, thus, the ability to demand higher prices from broadcasters. In theory, this should translate into higher total revenues for football clubs. Furthermore, in LP, the difference between the football club that receives the most and the one that receives the least in revenue is around 15 times, resulting in substantial inequalities, especially when compared to those countries that have already adopted the centralised model. For instance, in Spain and Italy, the difference is roughly three times, in Germany 2.5 times, and in England 1.3 times. These values are significantly lower, highlighting that a centralised model seems necessary to help eliminate financial disparities between teams. More specifically, it would benefit smaller teams and help ensure

the league remains competitive. While the intentions of the newly signed decree law, introducing a centralised model for the sale of broadcasting rights, seem plausible, it is doubtful that it will genuinely benefit Portuguese football.

Although it is argued that a centralised model increases overall revenue from TV deals, this is not apparent when comparing leagues that follow different models. While revenues have increased in the leagues that have adopted a centralised model, so have they in Portugal that embrace an individual negotiation model. For example, comparing the growth of revenues related to the sale of broadcasting rights from the 2012/13 season to the 2021/22 season, the Premiere League saw revenues grow by 190%, LaLiga by 142% and Portugal by 214% (UEFA Intelligence Centre 2021). Even when only considering the growth as of the 2016/17 season, when LaLiga introduced the centralised bargaining model, the Premiere League and LaLiga recorded growth rates of only 0% and 21%, respectively, while revenue in Portugal increased by 66%. In fact, of the top 10 leagues, only the Polish and German Leagues experienced similar revenue growth since 2016/17, with revenues growing by 56% and 57%, respectively (Appendix 3). These figures indicate that there is not necessarily a causal relationship between revenue growth and the adoption of a centralised model. Nevertheless, it is also important to note that the COVID-19 pandemic and the resulting uncertain economic outlook have contributed to the slowing growth, particularly within the Big 5 leagues (UEFA Intelligence Centre 2021). Furthermore, TV revenues should take a league's purchasing power into account. Comparing leagues in terms of revenue from broadcasting rights in absolute numbers, LP ranks seventh, yet this changes when purchasing power is factored in. If revenues are put in relation to the country's population or GDP, LP rises to rank 4 and 3, respectively (Servir o Benfica 2022). Moreover, the Dutch and Belgian leagues have adopted a centralised model, and despite their greater purchasing power, they cannot generate even half the revenues from TV rights that

LP does. These findings further cast doubt on whether collective bargaining is indeed effective in maximising total broadcasting revenues.

As stated by the LPFP's executive director, Tiago Madureira, the proposed distribution model aims to allocate broadcasting revenues more equitably by distributing 50% equally among teams, 25% based on performance, and the remaining 25% based on social impact. According to a study carried out by SL Benfica, assuming that social impact can be measured by fan attendance at teams' home games relative to the total fan attendance, or based on a survey of peoples' team preferences, revenues from TV rights would have to more than double to ensure that no club receives less than they do under the current individual negotiation model (Servir o Benfica 2022). That is, if overall broadcasting revenues do not experience substantial growth, all of SL Benfica, FC Porto, Sporting CP, and SC Braga will suffer significant declines in revenue. While this would reduce financial disparities between the top and bottom-earning football teams, therefore spurring competition within the league, it would do so by significantly weakening the top clubs. This could have far-reaching consequences, as it would weaken not only these teams in domestic but also international competitions, thus hurting Portuguese football as a whole. Currently, Portugal sits in seventh place in UEFA's country coefficient ranking, which determines how many places in UEFA's competitions are awarded to each nation (UEFA 2022b). Hereby, Portugal heavily relies on SL Benfica, FC Porto, Sporting CP, and SC Braga, which are responsible for 91% of all points obtained by LP and are, therefore, the basis of Portugal's UEFA coefficient rank (Servir o Benfica 2022). In the case that a centralised model does reduce revenues of these clubs specifically, naturally limiting their chances of success in UEFA's competitions, and thus, could substantially harm Portugal's UEFA coefficient ranking. As a consequence, fewer teams would be allowed to participate in competitions, including UEFA's Champions League or UEFA's Europa League, which would cap additional revenue and restrict further international exposure. This becomes all the more

important as revenues from UEFA's club competition continue to grow, with the number of games in competitions increasing in the coming years. As such, leagues outside of the Big 5 are anticipated to experience a growth in revenue of 62% relative to the previous cycle (UEFA Intelligence Centre 2021). Furthermore, guaranteeing international exposure through participation in such competitions should be prioritised as domestic markets are becoming increasingly saturated, making the penetration of international markets a key area for further revenue growth. These results suggest that LP should focus on solidifying the ability of Portugal's top footballing teams to compete internationally and raise serious concerns that this can be achieved by utilising a collective bargaining model.

For the benefits of a centralised model to materialise, it is evident that overall broadcasting revenues need to be increased substantially. In theory, this can be achieved through the increased bargaining power of football clubs together with the league, enabling them to demand high prices from broadcasters in exchange for their broadcasting rights. Nonetheless, this can only come to fruition if broadcasters can afford the resulting price influx. The additional costs would translate into lower profit margins affecting the broadcasters' bottom line. In Q1 of 2021, Sport TV, who holds the broadcasting rights for 17 of the 18 teams in LP, recorded losses worth €12.2 m, indicating that the increased prices will probably be offloaded to consumers (Alexandra Machado 2021a). Nonetheless, if consumers are unwilling to pay more, broadcasters will be forced to find ways to increase the number of subscribers or generate new revenue streams.

3.2 Advertisements in Football

Evolution of Advertisement in Football

Advertising as “a marketing communication that employs an openly sponsored [...] message to promote or sell a product, service or idea” (Stanton 1984) is an essential part of today's football industry. In the 2020/21 season alone, clubs of the top five European Leagues made

revenue of €4.63 billion from advertising and sponsorship, which accounted for almost 30% of total revenue. The British Premier League recorded the highest turnover from advertising and sponsorship with €1.69 billion, followed by the Spanish LaLiga with a turnover of €0.90 billion, the German Bundesliga with €0.84 billion, Italian's Serie A with €0.75 billion and the French Ligue 1 with €0.45 billion (Deloitte 2022). On the other hand, Portuguese clubs' revenue from sponsorship and advertising is, as Deloitte (2021) shows, only a fraction of that of the big European clubs. As the highest revenue-earning football club in Portugal, S.L. Benfica accounted for a total turnover of €170.3 million in 2021, equating to approximately 69% of FC Barcelona's commercial revenue only (Deloitte 2021).

However, modern football, as the multi-billion-dollar industry it is today, has its roots in England, with the first club, Sheffield FC, founded in 1857 as a non-profit organisation. The focus was exclusively on sporting enjoyment, whereby no revenues were generated initially (van der Burg 2014). Nonetheless, football became extremely popular rapidly, the founding of other clubs followed, and the first large stadiums were built to cope with the rising number of spectators. These stadiums were often loan-financed, and clubs were transformed into limited companies with shareholders in order to reduce the personal financial risks of club directors (van der Burg 2014). As such, the foundation for achieving revenues and profits with football was laid.

As spectator numbers continued to grow, more clubs and outside organisations saw numerous opportunities to capitalise on the popularity of football, and first partnerships between football organisations and businesses were formed. At the beginning of the increasing commercialisation of sport in the early 1900s, the focus was on ads and brand logos positioned on the main stands of stadiums. In the 1930s, the commercialisation of football continued, and the first brand logos were printed on team jerseys (Project11 2016). In the course of the increasing popularity of football and rising numbers of live broadcasts of football matches,

companies intended to expand their engagement through sponsorship and advertising programs. As a result, clubs and associations developed additional opportunities to display brands, including static perimeter advertising boards (Project11 2016). One of the first companies to make use of this opportunity was Coca-Cola, which showed perimeter advertising at the World Cup in Brazil as early as 1950 and is still today a FIFA premium partner and sponsor (FIFA 2022). Initially, these perimeter boards were simple signs with static graphics, allowing only one brand per board to place its ad, and were predominantly provided to brands in per-season packages (Project11 2016). In the years that followed, new technologies, especially in TV and audio broadcasting, opened new opportunities for companies to advertise during football matches. In 1994, the advent of specially developed light-emitting diode (LED) displays significantly improved traditional perimeter advertising. First introduced by Real Madrid, LED perimeter boards gave clubs and companies the ability to produce eye-catching ads and switch between different brands anytime. These LED displays are still used in almost all stadiums today. However, their value is likely to decrease given today's possibilities in personalised and virtual perimeter ads (Project11 2016).

Current Trends of Advertising in Football

Advertising already represents a significant proportion of the revenue of football clubs and leagues. The top five European leagues generated €4.63 billion through advertising in the 2020/21 season. In addition to classic sponsorship deals such as jersey advertising, new technologies such as modern LED boards and virtual or personalised ads already play a substantial role or have the potential to significantly increase revenues within the football industry for both clubs and broadcasters (DFL 2022).

Perimeter LED Advertising

Advertising on perimeter boards is often the standard of a sponsor's package with significantly higher visibility compared to other advertising options, such as shirt exposure (Miles and Rines 2004). While the traditional static advertising boards were the preferred and cheapest option for clubs and brands in the early days of perimeter advertising, Real Madrid was the first club to implement the use of unique LED displays in 1994 (Miles and Rines 2004; Project11 2016). These displays consist of many LEDs closely positioned next to each other. By changing the light intensity of the individual LEDs, the diodes together form an image on the displays. LED displays consist of blue, green, and red LEDs that are arranged in a fixed pattern and form a pixel. By adjusting the diodes with each other, millions of possible colours can be created, and countless images can be displayed. Moreover, LED displays are a technology that combines computer and microelectronics technology as well as information processing and offer numerous benefits, such as high brightness and long operating duration. Consequently, LED displays have become the most competitive and preferred display medium in the past decade and have been widely applied in various industries (Appendix 4) (Nguyen 2001; Hong 2010; Expromo 2020). Although the costs for dynamic LED perimeters are significantly higher than for static boards, they provide substantial economic benefits for clubs and brands. Due to the dynamic design, many different ads can be displayed, which increases a club's revenue, attracts more advertisers, and increases exposure. According to research, spontaneous memory recall is 3.5 times higher than static advertising (Miles and Rines 2004). Despite the high initial costs, dynamic LED boards are therefore considered much more profitable than static perimeters and have become a fundamental platform for brand ads and partnerships in football and are used by most clubs from the big European leagues (Miles and Rines 2004; UEFA 2022a).

Virtual Perimeter Advertising

A further development of LED perimeter advertising which has opened new marketing opportunities and revenue streams for clubs and brands, is virtual advertising. Although it is

not yet widely adopted in European football, virtual advertising has been used in the United States since the mid-90s, especially during major sporting events (Sander and Altobelli 2011). Cianfrone et al. (2006) define virtual advertising as the insertion of brands, products, or slogans by means of digital, computerised TV signal processing. It is a technology that allows specially calibrated LED advertising boards to be overlaid digitally, thereby enabling clubs and brands to tailor the ads displayed across perimeter boards to different target groups (Fraunhofer-Institute 2021). This technology is predominantly being used to display ads in different languages to reach target groups in various countries (Appendix 5).

While virtual advertising has been used in America since the mid-90s, and FIFA published regulations for the use of virtual ads as early as 2000, the technology has only been able to take root in European football in recent years (Miles and Rines 2004). The first European league to use virtual advertising was Spain's LaLiga, which began using the technology in 2013 for international broadcasts of Real Madrid's and FC Barcelona's away matches. Since then, LaLiga has steadily expanded its partnership with Supponor, the leading virtual advertising technology and solutions developer (Claxton 2017). The technology was utilised for the first time in England's Premier League in 2016 and successfully implemented at Watford (Claxton 2017). The first German club to deploy virtual advertising was Borussia Dortmund. The technology went through a 2-year tender and design process. The Finnish company Supponor was finally contracted to supply the unique advertising boards used for the first time in the Bundesliga during Dortmund's match against FC Augsburg on 26 February 2018. As such, Dortmund's marketing partner Lagardère Sports, was able to address four continents simultaneously, all through the pitch-side LED monitors (Williams 2019). The use of virtual billboards in the 2018/19 season brought Dortmund a 76% increase in advertising revenues (Borussia Dortmund 2019). After the successful pilot project with Borussia Dortmund, Supponor was the first company to pass the German Football League's quality check. As a

result, from the 2018/19 season onwards, all German clubs from the first and second divisions were given the opportunity to use virtual advertising for international live broadcasts (DFL 2018). In France, Paris Saint-Germain started to install digital overlay technology at home matches in 2018. Shortly afterwards, Ligue 1 followed suit and signed far-reaching contracts with Supponor (Holmes 2018). In 2021, Italy's Serie A formed a new partnership with Supponor, enabling virtual perimeter ads to be placed in all 380 league matches (Cronin 2021). The technology is currently not used in Portugal.

Targeted and Personalised Advertisement

An additional marketing medium with high commercial potential but which is currently hardly used in football broadcasting is the display of personalised advertising. Boerman et al. (2017) define the concept of usage-based and personalised advertising as „the practice of monitoring people's online behaviour and using the collected information to show people individually targeted advertising". This includes the evaluation of search histories, browsing behaviour of website visitors including click behaviour and communication content such as written emails and media consumption behaviour (Prof. Dr. Kneuper and Perlitz 2019). In this process, so-called cookies are the most important tracking technology. Cookies are small text files that are stored by web servers on the client side via the browser of the internet user. When a user visits a website, information such as the preferred website language or session duration, but also unique identifiers for recognising a user, are stored in cookies and can be retrieved when the website is re-accessed. This way, information about the user's surfing behaviour and interests can be used to display personalised ads tailored to the respective user (Prof. Dr. Kneuper and Perlitz 2019).

So far, personalised ads have only been shown on sports streaming providers such as Sky Go or DAZN. In this context, DAZN (2022) states that advertising spots displayed during a broadcast are tailored to the user's interests. Clubs have used personalised ads mainly for social

media programmes and to build stronger fan relationships. Virtual perimeter advertising is not tailored to the individual user at this stage.

3.3 Making Use of Interruptions

To maximise the financial value of advertising for clubs, broadcasters and advertisers, new advertising opportunities need to be developed, and advertising recall increased. Advertising recall is one of the longest-researched topics in marketing and is used both to measure the effectiveness of ads and to identify whether the portrayed information has been processed in the long-term memory of consumers (Turley and Shannon 2000). Advertising recall can be measured with two approaches: aided or unaided recall (Bovee et al. 1995). In aided recall, subjects are given the company or product name and then asked to name the ad. In unaided recall, however, subjects are simply given a category and must indicate which ads they recall that fall into that same category (Berkman and C. Gilson 1987).

In this context, Ahrnbom and Parfelt (2013) examined which factors affect the cognitive impact of LED perimeter advertising, measured by advertising recall. The results suggest that, above all, game interruptions were of great importance in achieving a cognitive effect. Furthermore, Ahrnbom and Parfelt (2013) were able to show that brands with high brand relevance and animation effects were best at breaking the first-hand task (watching the game). In addition, results revealed that increased advertising repetition could potentially increase recall. These results further suggest that interruptions, such as foul plays, drink breaks or video assistant referee (VAR) reviews, are ideal for displaying ads. As match interruptions in football have hardly been used for targeted or personalised virtual ads so far, there is significant financial potential for clubs, broadcasters, and brands in this area.

4 Strategy Plan

4.1 Partner Introduction: Sports Alliance

Sports Alliance, founded in London in 2002, is a global operating fan data management, and digital marketing solutions provider, with just under fifty employees and operating globally from its offices in the United Kingdom, Spain, and the Netherlands (Sports Alliance 2022). For more than twenty years, Sports Alliance has been developing and customising fan data solutions for professional sports brands. These technologies allow companies to access, analyse, and activate data faster, while AI-driven insights inspire new campaigns and engagement ideas to increase brand loyalty and efficiency (Rieder 2022). Moreover, the Sports Alliance platform enables marketing teams to create unique and personalised fan experiences in a single interface, from email marketing and loyalty programme integration to complete multi-channel orchestrations, single sign-on and contact management (Rieder 2022). Using this platform, brands can achieve an average of 35% growth in follower value and a 22% annual growth in the customer database (Sports Alliance 2022).

Since its founding, Sports Alliance has created more than 50,000 customised marketing campaigns, delivered 3.5 billion digital communications, and registered 60 million profiles for its more than 140 global clients. Clients mainly comprise football teams and leagues, including FC Barcelona and the LP, however, Sports Alliance also serves customers from other sports, such as the Cognizant Aston Martin Formula 1 team. Most recently, Sports Alliance and the Professional Squash Association have agreed to a long-term partnership (Sports Alliance 2022). In July 2022, Sports Alliance was acquired by the global leader in engagement marketing solutions, KORE Software. KORE's two-sided network connects corporate sponsors, sponsorship properties and their fans, enabling teams to improve the fan experience and maximise revenue (Rieder 2022).

This work can be used by Sports Alliance to present solutions to clients for the challenges ahead, to introduce new revenue models and to support them in their implementation.

4.2 Project Definition and Objective

Football in Portugal is about to change. With the announcement by the LP, the PFA and governmental authorities that a collective agreement has been signed to centralise the TV and multimedia rights for football matches of the two top Portuguese professional leagues, especially the best Portuguese clubs, will face severe financial challenges. With the introduction from the 2027/28 season and the currently proposed distribution model of TV revenues, the big three clubs in Portugal would see a significant drop in revenues and thus be weakened in European competition (Servir o Benfica 2022). These losses can only be compensated with significantly higher revenues from TV and media rights. Despite the supposedly increasing bargaining power of clubs and the league, it is not expected that broadcasters or consumers can finance a price increase of TV rights (see chapter 3). For the centralised model in Portugal to succeed and to ensure equal opportunity and international competitiveness, football, in general, and broadcasters, in particular, must follow new paths and develop new sources of revenue.

The strategic plan developed in this chapter proposes new ways in which TV revenues can continue to rise and more money can reach the clubs while ensuring football remains affordable for both fans and broadcasters. In pursuit of this ambitious goal, recent technical advances and developments must be implemented consistently, and new paths must be taken to bring sports broadcasting into the 21st century. In this context, the strategic plan intends to help clubs, broadcasters, and sports marketers to achieve this goal.

4.3 Project Idea – Bringing Sports TV into the 21st Century

To guarantee further advancement of Portuguese football, it has become evident that there is a growing need to increase profits, not only by maximising current revenues but also by generating new revenue streams. To this end, two ideas have been established. For one, the goal

is to introduce a new advertising-based subscription model that aims to attract additional subscribers and, thus, provide broadcasters with a new source of revenue. For another, through enhanced targeting and personalisation of ads, further potential can be extracted from advertising revenues.

Offering consumers, a menu of choices has proven financially beneficial, enabling companies to take advantage of different consumer preferences. For this reason, many media platforms offer their consumers multiple subscription options, starting with a basic (often free) model to a more expensive premium model with significant quality improvements (Carroni and Paolini 2020). By introducing an advertising-based subscription model, broadcasters can offer consumers a cheaper (basic) option that contains additional ads during football games. In turn, the absence of these ads within the current subscription model can be associated with quality improvements, enabling broadcasters to market the current model as a more expensive option. Subsequently, broadcasters can attract additional consumers by targeting those with a lower willingness to pay but higher tolerance toward ads. Since Portuguese consumers already pay the highest subscription fees within Europe, a cheaper option is likely to be welcomed by many Portuguese football fans. Furthermore, the new subscription model will not only attract additional consumers but also provide broadcasters with additional advertising space that they can sell to brands that seek to market their products and services during football games. While additional advertising benefits both broadcasters and brands, it is crucial to preserve customer experience. To achieve this, non-intrusive display ads that only take up part of the screen shall be utilised. In this case, ads can be shown in parallel with the game, preventing fans from missing crucial moments of a match. Additionally, since the aforementioned findings indicate that ads displayed during match interruptions may be more effective, ads shall be displayed more extensively, i.e., more frequently and for longer durations, when matches are interrupted.

Research has repeatedly shown that the ability to target potential customers with personalised ads is crucial for maximising return on ad spend. Today, companies leverage the latest technologies and techniques to collect large amounts of data on users, which allows them to provide highly tailored advertising and curated messages, thus resulting in significantly higher response rates than traditional advertising (Parliament et al. 2021). Moreover, companies can significantly enhance customer experience by personalising online interactions, including marketing communications, which in turn improves conversion rates and drives profits. In fact, according to a study conducted by McKinsey, 76% of customers are frustrated when their interactions with companies are generic. In comparison, 72% of customers expect companies to know their personal interests and to be recognised as individuals (Arora et al. 2021). These numbers suggest that consumers prefer ads tailored to their needs and interests, thereby enhancing customer experience. To facilitate the effective implementation of personalised ads, however, broadcasters require large amounts of data about their audience. Broadcasters that can create detailed profiles of their customers offer immense value to brands, as it allows them to deliver personalised advertising only to those who fit their target audience. Nonetheless, personalised advertising during live streaming of football games is not yet prevalent, hence there is a potential that has yet to be exploited. Consequently, broadcasters should take advantage of their customer data to further drive revenues, which they can then monetise through selling advertising space.

4.4 Industry Overview

An overview of the individual stakeholders and the various environmental factors is required to develop well-founded measures for new revenue streams. All stakeholders (persons and organisations) with a justified interest in a company or a project are considered. In a systematic process, information about these stakeholders is collected and analysed to identify critical actors and assess their interests, positions and importance related to the policy (Schmeer 1999). Since

this paper does not serve a specific company, no conventional stakeholder analysis is conducted. For a customised analysis of the individual players in the industry, however, parts of the process and the stakeholder characteristics are adopted.

Stakeholder Overview

Broadcaster

There are three larger sports channels on the Portuguese market, namely Sport TV, Benfica TV, and Eleven Sports. The most important information about the broadcasters has been compiled and analysed in the table "Broadcaster in Portugal" (Appendix 6).

Two broadcasters televise the Portuguese national league. Sport TV broadcasts all live matches except for the home matches of Benfica and is the biggest and oldest football broadcaster in Portugal. Sport TV is owned by several media and telecom companies and operates internationally. Several sports, such as football, futsal and basketball, are presented on seven channels.

The home matches of S.L. Benfica are shown by Benfica's own sports channel Benfica TV, which is unique in Europe. Benfica TV screens its content, including home games of Benfica and other sports shows, around the world and is available on different media channels such as NOS, MEO or Vodafone and has a streaming service. Until 2016, the channel also streamed content from the Premier League, Serie A and Ligue 1. In 2015, Benfica sold its rights for the home games to NOS, and the contract was valid for three years and earned Benfica €40 million per year. NOS decided to continue running S.L. Benfica's home games on its premium channel Benfica TV (Paulo Curado 2015).

Another Portuguese sports channel is Eleven Sports. It is a premium sports channel which also has an OTT service and holds the rights to the UEFA Champions League and other top

European leagues in Portugal. Eleven Sport further broadcasts other sports and operates internationally.

For broadcasters, the centralisation of TV rights brings many changes. These transformations are associated with uncertainties and risks, and the business model is shifting, resulting in at least two TV broadcasters (Sport TV and Benfica TV) facing financial pressure and having made losses in recent years. In addition, in Portugal, customers pay the most to watch matches compared to their purchasing power (Servir o Benfica 2022). This indicates that demand is elastic, and the market is already saturated. New revenue streams are to be developed, thus relieving the financial situation of broadcasters and making them competitive when bidding for LP's rights. Furthermore, broadcasters must expect more challenging competitive conditions due to the possible introduction of a no-single-buyer clause and the intensified market entry of social media companies (Facebook) or streaming services (Amazon). One advantage for the broadcasters is that they have proficient knowledge of the Portuguese market and have years of experience broadcasting live football matches in Portugal.

Liga Portuguesa de Futebol Profissional

The two best Portuguese professional leagues in Portugal (LP and LP 2) are managed by the umbrella organisation Liga Portuguesa de Futebol Profissional (LPFP). The LPFP is a state organisation and an autonomous organism under the authority of the LPFF. The LPFP, along with the PFA, was one of the main drivers of centralisation, which according to President Pedro Proença would ensure growth, stability, and sustainability for Portuguese football, and signed a memorandum of understanding in 2021 (Liga Portugal 2021). It is vital to the LPFP that the Portuguese teams are successful in Europe and continue to play an essential role in the UEFA coefficient rankings. Furthermore, it is committed to enabling financial growth and a more balanced league. The league will also assign the TV broadcast rights for the 2027/28 season in a centralised form for the first time.

Teams

The teams of LP are important stakeholders and can be separated into two groups: the three big teams (Benfica, Sporting, Porto) and the remaining 15 teams in the league. The three big teams are both financially and sportingly superior to the other teams, are supported by a large proportion of football fans in Portugal and receive significantly more TV money. This is reflected in particular in the fact that the difference between TV revenues of the top and the middle teams is greatest in Portugal compared to other European leagues. The differences are also echoed in the number of spectators in the current 2022/23 season, where nine teams had an average of less than 5000 stadium spectators per match (transfermarkt.com 2022).

To further ensure competitiveness in European tournaments, the three big teams are hoping for more income with the centralisation of TV rights to keep up financially with the European clubs and pay necessary player transfers and salaries. In the future, Benfica, Sporting and Porto will insist that as much money as possible is distributed according to sporting merit. Benfica additionally faces the challenge of restructuring its own sports channel (Benfica TV) and adapting it to the new circumstances. On the other hand, the 15 remaining teams hope for a more equitable distribution of the TV money, hence more income, and to make the league more balanced. In contrast to the big teams, it is unlikely that smaller teams (except Braga) will lose money by changing the system for TV rights.

Furthermore, it must be mentioned that the three major teams have significantly more bargaining power which is likely to strongly impact the allocation of TV rights and income distribution.

Sports Alliance

As a digital marketing solutions provider specialising in fan data management, the agency can be commissioned to develop new marketing strategies for teams and leagues. Especially the

trends and new features in the area of commercials in live matches on TV are interesting for all players in Europe. On the one hand, Sports Alliance has know-how and experience in Portugal; on the other hand, it is well-connected throughout Europe and in sports in general. This makes it the ideal partner for teams and associations in Portugal in transitioning to a centralised TV rights system. Further, Sports Alliance is the unifying element and brings all stakeholders together to implement the idea.

Fans

Football is the most popular sport in Portugal, is culturally ingrained, and fans have the highest interest in football compared to the primary European markets, according to a report by Socios (2019). In addition to a high quality of Portuguese football, it is in the interest of fans that the matches are consumed as conveniently as possible. However, fans must be prepared that more than one subscription will be necessary to view all games. Moreover, it is important to note that fans have little influence on the new TV broadcasting rights and will have to adjust.

Sponsors

Since the Portuguese football market is relatively large in comparison to the biggest leagues in Europe, it is desirable for sponsors and brands. In this context, brands are especially interested in new technologies that make advertising more personalised and thus reduce unnecessary expenditure. How TV broadcasting rights are allocated is of secondary importance.

Existing Subscription Models

Subscriptions to two broadcasters are currently required to watch all matches of the Portuguese first division. Sport TV broadcasts all competition matches, except for SL Benfica's home matches, which are the responsibility of the club's own channel, Benfica TV (Ernst & Young 2021). In order to access Sport TV, users can purchase a voucher for €25.99 per month and

redeem it with their pay TV provider¹. Alternatively, major pay TV broadcasters offer their own paid packages² that allow their customers to receive Sport TV and Benfica TV (Sport TV 2022a). The cheapest package of the pay TV operator NOS to watch all matches costs per month €34.89 and includes the Sport TV Premium HD Multiscreen annual subscription (€24.90/month) and the monthly Benfica TV subscription (€9.90/month) (NOS 2022b). The providers Vodafone and MEO additionally offer the annual premium HD package for a monthly price of €19.99. However, additional costs for the pay TV operator may occur (MEO 2022a; Vodafone 2022). At MEO, users can also subscribe to a package that includes both Benfica TV and Sport TV for a monthly price of €30.99 (MEO 2022b). Moreover, Sport TV offers various subscriptions which differ in scope, quality (high or standard definition), contract duration, and price. The 5-day subscription costs €14.99, the Sport TV Multiscreen annual pass €24.99 and the Sport TV Premium HD Multiscreen €29.99 (NOS 2022a). That shows that despite the individual negotiation model in Portugal, only two subscriptions are necessary to watch all LP matches live.

Unlike in Portugal, where TV rights are negotiated individually, customers in Germany currently require two subscriptions to watch all Bundesliga matches. The pay TV operator Sky and the streaming provider DAZN have acquired the rights for all matches of the 2022/23 season. DAZN currently offers two subscription alternatives, which only differ in terms of contract duration and price. The monthly subscription costs €29.99 after a price doubling in August 2022. The annual subscription is slightly cheaper, with a monthly price of €24.99 (DAZN 2022a). Pay TV operator Sky offers a wide range of subscriptions, which differ mainly in the number of available channels and the visual experience. The cheapest subscription currently costs €20 per month and increases to €32 after one year. Therefore, if the two

¹ Pay TV is widespread in Portugal. In 2021, almost 95% of all households subscribed to pay TV services. The three largest pay TV operators in Portugal currently are MEO, NOS and Vodafone (Easton 2021).

² All prices were documented in November 2022 and may deviate slightly at the time of publication.

subscriptions are booked independently, users pay under €45 to watch all Bundesliga matches. In addition, Sky offers a 2022/23 season package for €38.99 per month, including access to a DAZN subscription at no additional cost. After the first year, the price increases to €61.99 (Sky 2022). Therefore, prices are similar to those in Portugal.

In both examples analysed, the subscriptions vary in available channels, visual experience, and contract duration. Freemium models, where the price can be reduced by displaying additional advertising and are often used by music or video streaming providers, do not currently exist.

4.5 Action Plan

New Subscription Model

The action plan further outlines the two proposed ideas in greater detail. First, the current subscription model will be expanded from a one-tier to a two-tier model. Broadcasters shall offer a premium and lower-priced basic option that will feature additional advertising. All current customers will initially keep their current (premium) subscription, which will be priced similarly to the current price. Switching between the two models shall be easy, convenient, and possible on a monthly basis.

The following table shows the characteristics and differences between the two new models.

	New "Premium model"	New Basic "Advertisement model"
Relation to the current system	The premium subscription model replaces the current model, although the content will remain the same and the price may vary slightly.	A new ad-based model will be introduced with a lower price than the premium model.
System Requirements	To watch the broadcast, a conventional TV or an internet-enabled device such as a smart TV, computer, phone or tablet is required.	To watch the broadcast, an internet-enabled device such as a smart TV, computer, phone or tablet is required.
Login	The registration and login process requires a unique username and password.	The standard registration and login process requires a unique username and password, and provides the additional option of connecting a social media account (Facebook). By connecting a social media account the user is rewarded with a fan merchandise of their favourite team.
Football content	Both models show the same content. This includes full games, highlights and the usual sports programme.	
Advertisement	The premium model contains only conventional advertising, including ads on perimeter boards and commercials outside of match time.	In addition to the advertising within the premium model, the ad-based model includes longer advertising breaks during half-time, advertising during longer interruptions (injuries, VAR), and non-intrusive display ads during match time.
Price	The premium model costs €30 per month.	The ad-based model will be cheaper than the basic model. Netflix has introduced a similar ad-supported subscription model that is about 40% cheaper than the basic model and over 60% cheaper than the standard model (Netflix 2022). More detailed analysis and information is explained in chapter 5.
Advertising personalization	Personalized ads shall be displayed and are described in further detail in the following chapter.	
KPIs	Several key performance indicators should be considered to measure the performance of the respective subscription models that include the number of subscribers, advertising revenue per subscriber, and administrative costs per subscriber	

Table 1: New Subscription Model

How Broadcasters can Drive Revenues with Targeted Advertising

As mentioned above, targeted advertising has yet to receive much attention from broadcasters in football, which presents broadcasters with an opportunity to extract further potential from advertising revenues. Consequently, to maximise advertising revenues, broadcasters should incorporate targeted advertising within the above-mentioned ad-supported subscription model and perimeter boards by leveraging virtual advertising technology. Currently, providers of

virtual advertising solutions, for instance, Supponer, are already working with football clubs to display different advertising for fans watching in different regions. Although this technology is used to target audiences based on their geographic location, it has yet to be adopted to display customised ads for individual fans. This is where broadcasters can provide value by sharing data about their audiences, thus, allowing for personalised advertising. Moreover, Supponer claims that the existing technology could already achieve this (Kelham 2020). Each fan streaming a football game would see different ads on perimeter boards explicitly tailored towards them. This would further allow broadcasters to enhance customer experience by personalising marketing communications and promotional offers. For instance, a fan watching on their birthday would see a “Happy Birthday” message displayed along with special discounts for specific products.

To achieve this, broadcasters are required to have detailed understanding of their customer base. Broadcasters that can effectively generate detailed profiles of their customers provide much more value for brands and advertisers, particularly those that seek to target individuals based on their behaviours and interests. As such, broadcasters should utilise all techniques at their disposal to gather customer data. To this end, broadcasters should prioritise the collection of first-party data, especially in light of growing privacy concerns that have led to the demise third-party cookies. Moreover, data that comes directly from customers instead of third parties is deemed more reliable for companies to generate accurate insights about their customers. To this end, broadcasters can focus on gathering data during the registration and purchasing phases, whereby consumers are likely to share important personal information regarding their name, age, gender, address, and billing information. This data can be used to gain a demographic understanding of the client base. Another common practice to derive first-party data that broadcasters can utilise, is the implementation of first-party cookies. First-party cookies allow broadcasters to collect and analyse information on users’ online activities while they are visiting

their websites or streaming football games. This data can further provide broadcasters with information concerning content consumption, device-type, location, date, and time (Ahuja et al. 2022). Furthermore, for broadcasters to better understand the interests and preferences of their users, it is crucial for them to expand on the number of touchpoints throughout the customer journey, in which users directly or indirectly provide information about themselves. For instance, broadcasters can incorporate quizzes or customer feedback surveys. Accordingly, broadcasters should consider incorporating customer feedback surveys or gamified quizzes. Additionally, it is perceived that customers' willingness to share data is increased if they are offered value in exchange. Consequently, broadcasters should find ways to offer special discounts, rewards, or exclusive access to specific products, in return for users' data.

Nonetheless, while first-party data is valuable, broadcasters should also take advantage of additional data sources to enrich their existing data. To this end, broadcasters should also emphasize the collection of second-party data. Second-party data can be defined as first-party customer data from other companies. Broadcasters can supplement their customer-level data by sharing data with other companies that have information pertaining to the same customers (Schneider et al. 2017). To achieve this, broadcasters should focus on creating strategic partnerships, e.g. with football clubs where their customers are members or with ticketing platforms through which their customers buy tickets. Similarly, to obtain further insights, broadcasters should allow users to register via their social media accounts. Broadcasters and social media platforms can then exchange additional data. To date, the most popular social login is Facebook (Krämer, Schnurr, and Wohlfarth 2019). If users link their Facebook accounts, broadcasters will have access to users' public profiles, which contain contact information, demographic data, and, if permitted, more advanced information on users' web activity, including liked posts and comments. As such, to incentivise users to log in via their Facebook account, broadcasters can reward them with fan merchandise of their favourite team.

Once collecting sufficient data, broadcasters need to ensure they have appropriate data management and analytics systems in place. Only then will broadcasters be able to accurately aggregate and analyse the data to create detailed audience segments and customer profiles. Broadcasters can then leverage their knowledge of their customer base to sell their advertising space to brands and advertisers at higher prices, thus boosting revenues.

Implementation Plan

Due to the changes in the allocation of TV rights, broadcasters should aim to introduce the new subscription model and personalised and targeted advertising by the 2027/28 season to counter-finance higher prices for TV rights. To ensure success, this paper proposes an eight-step plan, which includes the most critical milestones for implementation and serves as guidance for broadcasters.

In order to complement the subscription model with a more affordable basic option and to implement targeted advertising, broadcasters should first define a clear strategy with goals and objectives and determine key performance indicators. Moreover, a pricing model should be elaborated. The following phase should focus on the development of a data strategy. This includes establishing a data governance plan that ensures compliance with data regulations such as the General Data Protection Regulation (GDPR), determining relevant data types and sources, and defining a data management plan that governs how data will be collected, stored, processed, and managed. Subsequently, all technical requirements necessary to handle data, create display ads, and insert personalised advertising should be identified and the required technical infrastructure built. In the fourth phase, strategic alliances should be established with companies from various sectors. In particular, partnerships should be entered with social media companies in order to be able to display individual and personalised ads. Additionally, partnerships with potential brands and advertisers should be pursued. Cooperation with technology providers (i.e., Supponor) should be intensified to expand possibilities of placing

ads and improve quality. In the fifth phase, broadcasters should gain a deep understanding of their user base. In this context, data analytics tools should be used to segment their audience and create detailed customer profiles. Thereafter, the sixth phase should focus on building a frictionless media experience. To safeguard a flawless football streaming experience, broadcasters and brands should determine where and when additional ads can be placed (see chapter 5.2) and which advertising means will be used. In this regard, broadcasters and advertisers have a wide range of options. These options include short commercials inserted during match interruptions, split-screen advertising (this option is already established in Formula 1), or personalised ads shown via virtual LED boards. In the penultimate seventh phase, negotiations with advertising platforms and brands about the sale of data and advertising space should be held. Once these have been successfully completed, personalised advertising across all channels and the new subscription model should be deployed. In the eighth phase, broadcasters, brands, and the technology providers should review and analyse performance of the new advertising strategy to ensure continuous improvement. The new advertising strategy should be fully integrated by the 2027/28 season at the latest. This will ensure that the necessary increase in the price of TV rights can be financed by higher revenue.

5 Financial Evaluation and Impact on Portuguese Football

The new advertising strategy aims to unlock new sources of revenue for broadcasters, which are indirectly passed on to Portuguese clubs through the acquisition of their TV and media rights at higher costs for broadcasters, therefore, safeguarding the international competitiveness of Portuguese clubs. With the introduction of the new advertising strategy, the following three characteristics shall be responsible for the rise in broadcasters' revenues:

1. The introduction of an ad-supported (basic) subscription and pricing model should increase revenue by attracting additional customers.

2. The display of additional advertising and new advertising partnerships are essential components of the new strategy, which is expected to increase broadcasters' revenues further.

3. The implementation of personalised and targeted advertising allows broadcasters to charge advertisers more than traditional advertising, thus maximising advertising revenues.

To capture revenue potential, this work adheres to Professor Meyer's (2019) conceptual revenue model framework, which outlines five categories of choices that together constitute a revenue model and is used to structure the revenue sources and determinants (Appendix 7). In the following, possible revenue expectations for the three aforementioned changes are examined and calculated. A worst-, normal- and best-case scenario is calculated for each implementation. Based on these results, an analysis will be provided of how this could affect the prices of television and media rights and how the revenues of Portuguese clubs will change due to the new distribution model to be introduced in the 2027/28 season.

5.1 Expected Revenue from the new Subscription Model

Tiered pricing models with a cheaper standard version and a more expensive premium version, which usually has better features such as less or no advertising, are popular with streaming platforms to boost revenues. To determine the potential increase in revenue resulting from the introduction of an ad-supported subscription model, key metrics such as the current number of users, user growth, and the number of existing customers who would switch from the premium to the basic version must be taken into account. Since some of these metrics are not available for the model presented, a brief user analysis of other streaming platforms with similar subscription models will be conducted to provide guidance for making the necessary assumptions. In addition to this analysis, the Schad's (2023) survey results will provide a basis for calculating the revenue potential.

One well-known streaming platform that offers a tiered pricing model to its users is Spotify, with over 365 million active customers worldwide in Q2 2021. Of Spotify's customers, 165 million own the premium subscription, while 200 million have the basic variant, which contains advertising and limited playback options. As such, the share of premium users corresponds to roughly 45% (Brandt 2021).

Another platform that offers an ad-supported basic version and a more expensive premium version is the American subscription streaming service Hulu. Currently, Hulu offers the ad-supported plan at a monthly price of \$7.99 or the ad-free plan of \$14.99 per month (Hulu 2022). Similar to Spotify, most users use the cheaper ad-supported option. About 70% of users subscribed in 2019 to the cheaper ad-supported version, and only 30% used the more expensive premium option (Truelist 2022). Since both Spotify and Hulu have had an ad-based subscription model for several years, it is reasonable to assume that the proportion of customers with the basic version will be lower for broadcasters once they introduce a similar model. Instead, many customers will most likely continue to use the current premium version for the time being, as shown by a recent study predicting that the share of premium users at Netflix (which will introduce its ad-supported tier at the end of 2022) will be 93% in 2023 and 76% in 2024 and assuming that the share of Netflix subscribers using the ad-supported tier worldwide will only be larger than that of premium users in 2027 (Stoll 2022).

Normal-Case Scenario

The key figures of the major Portuguese football broadcaster, Sport TV, will serve as a basis for calculating the potential turnover. In 2019, Sport TV generated a total revenue of €188.10 million. Furthermore, based on numbers presented by the sports broadcaster Sky, this paper assumes that around 88% of Sport TV's revenues are derived from subscriptions (Pekic 2019; Sky 2018). By taking the revenue of the subscription business and dividing it by the

subscription price of €25, the customer base amounts to 552,603. For simplicity, 550,000 current users are used for further calculations (Appendix 8).

Furthermore, based on Schad's (2023) survey results, 68% of respondents are currently willing to pay more than €20 for a football subscription. Consequently, in the normal-case scenario, for the ad-based and premium subscription models, prices of €22.50 and €30 are applied, respectively. Furthermore, the survey indicates that 38% of existing customers are interested in a cheaper ad-based subscription option. With a current subscription number of 550,000, this would imply that 209,000 premium users would switch to the new cheaper alternative. In addition, given that Jones (2022) estimates a 3% growth in users for Netflix due to the introduction of a cheaper ad-based subscription model and that football is highly regarded in Portugal, a 5% user growth seems realistic. Together with the customers who would switch from the premium to the basic version, 236,500 customers would use the ad-supported variant, and 341,000 would continue to use the premium subscription. Imposing the abovementioned prices, the basic option would generate a revenue of €63.86 million, while the premium option would bring in €122.76 million. As such, through the implementation of an additional subscription model, sports broadcasters could earn a total of €186.62 million from subscriptions, which corresponds to a gain of €20.83 million in comparison to the current model (excluding revenues from other business areas) (Appendix 9). Alternatively, if the price of the basic subscription is set to €20 or €25 while all other assumptions remain unchanged, the total revenue would increase to €179.52 million and €193.71 million, respectively. For further calculation, this paper assumes that a price of €22.50 is most appropriate for the basic option. Therefore, a probability of 50% is applied. In order to include possible contingencies in the calculation, such as higher inflation or an actual higher or lower customer willingness to pay, it is assumed that the price variations mentioned above (€20 and €25) occur with a probability of 20% and 30% as it is more likely that prices will increase rather than decline due to inflation.

In addition, it can be assumed that the actual willingness to pay is higher than indicated in the survey due to the average young age of the participants. Thus, the normal-case scenario's revenue would on average be €187.32 million.

Worst-Case Scenario

For the worst-case scenario, it is assumed that 50% of premium users will transition to the cheaper offer, and as forecasted for Netflix, user growth of almost 3% (2.5%) will be possible. As a result, a turnover of €77.96 million could be generated by 288,750 basic users. In contrast, 275,000 premium subscribers would bring in €99.00 million. Subsequently, the total revenue would amount to €176.96 million, representing an increase of €11.18 million (6.74%) over the current subscription model. Furthermore, with a monthly base price of €20, the revenue would only rise by €2.52 million, whereas with a price of €25, the revenue would climb by €19.84 million. Given the abovementioned probabilities, the average revenue for the worst-case scenario would amount to €177.83 million.

Best-Case Scenario

The best-case scenario is based on the assumption that only 10% of the premium subscribers would switch to the new cheaper version. Moreover, it assumes that a user growth of 10% can be achieved. The basic version would have a customer base of 110,000 users, generating a turnover of €29.70 million. The premium subscription would continue to be used by most of the customers (90%) and generate revenues of €178.20 million. Consequently, the total turnover of €207.90 million would thus translate into revenue growth of 25.41%. If, under the same assumptions, the basic prices were set to €20 and €25, an increase in turnover to €204.60 million (23.42%) and €211.20 million (27.40%), respectively, could be expected. The average revenue would thus amount to €208.23 million.

5.2 Expected Revenue from the new Advertising Strategy

According to regulations, a football match lasts 90 minutes. However, the actual playing time varies greatly and is, on many occasions, much shorter. This raises the question of how long a game is actually played on average. To address this issue, an analysis was recently carried out comparing and offsetting the pure playing time of all clubs from Europe's top leagues (Weuthen 2022). The analysis shows that net playing time is the longest in France. Ligue 1 is in first place with an average of 52 minutes of pure football, followed by the Italian Serie A and the Bundesliga with 51 minutes each, while the Premier League averages 50 minutes of play. Spain's LaLiga is in fifth place with only 48 minutes of pure play (Weuthen 2022). These observations illustrate that stoppages take up a significant proportion of the duration of a football match, and although France enjoys the longest net playing time, it represents only 57% of the total duration. However, these interruptions have significant commercial potential and should be taken advantage of by broadcasters. In contrast to other sports, such as American football, European football is not yet exploiting this potential by deploying commercial breaks between match interruptions. Therefore, broadcasters should consider showing advertising during match interruptions as part of the new advertising strategy developed in this paper.

Advertising Timeframe

In order to define the exact time that can be used to display advertising, two Portuguese football matches are analysed in further detail. Sport TV broadcasted both matches, and the latest rules, such as the introduction of VAR, were already in place. During the first match (FC Porto vs Sporting CP 2017/18), all interruptions were documented and divided into different categories, and the interruption duration was recorded. The match interruptions were classified into the following nine categories (half-time breaks were considered as interruptions): corner kick, discussion, foul, goal, goal kick, injury, substitution, throw-in, and VAR.

During the match, 119 interruptions were recorded, totalling 2850 seconds (47.5 minutes) (Appendix 10). For the purpose of further analysis, this work only includes interruptions suitable for showing ads. As such, only interruptions that average twenty-five seconds or more and do not significantly influence the game are considered. For this reason, interruptions resulting from fouls, corner kicks, goals and throw-ins are not deemed for further analysis. Furthermore, to ensure a pleasing streaming experience all interruptions that occurred from the 88th minute onwards are not taken into account. Therefore, bearing in mind the abovementioned criteria, only five categories are suitable for showing advertising: discussion, goal kick, injury, substitution, and VAR.

In total, these five categories resulted in interruptions with a duration of 1078 seconds (17.97 minutes), which can be utilised for displaying all types of advertising (display ad, short commercial, split screen).

The second match analysed was a game between FC Porto and SL Benfica that took place during the 2021/22 season. In this match, only the five relevant interruption categories were recorded in terms of length and frequency (Appendix 11). In total, twenty-one interruptions occurred, with a total duration of 998 seconds (16.63 minutes). Taking the average of these two matches, broadcasters have an advertising time slot of 1038 seconds (17.3 minutes) to offer to advertisers and generate additional revenue.

General Assumptions

For each of the three revenue scenarios established above, the expected revenue of the new advertising strategy is calculated below. For this purpose, the following assumptions apply to all scenarios:

- As illustrated in the previous part of this paper, a total of 1038 seconds per match is available for displaying additional ads.

- LP matches are watched on average by 86,000 viewers on TV or streaming devices (EY and Liga Portugal 2021).
- The price per second for displaying exclusive advertising in the German sports industry is currently €1288.25 for reaching an audience of 2.19 million people (ZDF Werbefernsehen 2022). The price per second for displaying ads during the broadcast of LP matches is calculated based on the number of viewers and price mentioned above.

Normal-Case Scenario

As previously stated, under the normal-case scenario, sports broadcasters would see a 5% increase in users through the introduction of an ad-financed subscription model, while 38% of premium users would switch to the cheaper option. Consequently, 41% of the total user base would subscribe to the new cheaper ad-based option. As a result, the ads would be broadcast to an average audience size of 35,219 viewers per match (86,000 x 41%). Based on this audience size and the price per second mentioned above, the average selling price that broadcasters can charge for showing ads at LP matches amounts to €20.73. Furthermore, if the entire 1038 seconds are used to display ads, broadcasters can generate additional revenue of €21,514.41 per match. Extrapolated over the entire season, which comprises 306 matches, this would result in an additional revenue of €6.58 million (Appendix 12).

Assuming that only 90% or 80% of the available advertising time can be used, the turnover would amount to €5.93 million and €5.27 million, respectively. If these two cases occur with a probability of 25% each, the average revenue from the proposed advertising strategy would equal €6.09 million. This value is used for the further calculation of the total revenue.

Worst-Case Scenario

According to the assumptions described above, 51% of the total user base would use the ad-based variant in the worst-case scenario. If this is applied proportionately to the average

audience of 86,000, the broadcasters can charge a higher price per second for displaying ads of €25.92. This results in a revenue of €26,908.26 for one match and €8.23 million for the entire season. With a utilisation rate of only 90% (80%), the revenue would total €7.41 million (€6.59 million). The average revenue of this business line would then be €7.62 million.

Best-Case Scenario

In the best-case scenario, due to the low number of users switching from the premium to the basic version, this paper assumes that 15,636 viewers, on average watch, a football match via the ad-based version. Consequently, broadcasters can only charge a price per second of €9.20 for the placement of ads. The revenue for one match would then be €9,551.85 and for the whole season €2.92 million. With a shortened use of only 90% (80%), the average turnover would be €2.63 million (€2.34 million). The average turnover with the mentioned probabilities would therefore amount to €2.70 million.

5.3 Expected Revenue from Personalised Advertising

An essential part of the proposed new advertising strategy for sports broadcasters is the display of personalised and targeted advertising. By serving ads to users based on their individual profiles and preferences, targeted and personalised ads are more relevant to users. As a result, people are more willing to engage with them, which in turn means that advertisers are willing to pay higher prices for advertising space, and publishers can benefit from a new revenue stream (Mueller and Castro 2021). In addition, contrary to a study published by Marotta, Abhishek, and Acquisti (2019), claiming that publishers can only charge 4% more for targeted advertising, Alexander (2021) demonstrates that publishers can leverage targeted advertising to charge a 3.125 higher price for their ad-space. Moreover, Mueller and Castro (2021) argue that the study by Marotta, Abhishek, and Acquisti (2019) is deeply flawed and almost exclusively includes data points from highly specialised sectors. For this reason, a factor of 3.125 is used to evaluate the financial potential further. In addition, research suggests that for media companies whose

advertising business is not their primary source of revenue, targeted ads usually account for 20-30% of the overall advertising strategy (Alexander 2021). Subsequently, this paper assumes that 25% of the available advertising time is used for personalised ads.

Based on the assumptions in the normal-case scenario and considering the aforementioned factors, additional revenue of €3.24 million could be generated throughout the season if 25% of the available time for advertising is devoted to targeted ads. Similarly, given the assumptions in the worst-case scenario and the high number of viewers that use the ad-based subscription, additional revenue of €4.05 million could be realised. In a best-case scenario, however, only €1.44 million in additional revenue could be generated, as many premium users would not be shown any further advertising.

5.4 Total Revenue

The three streams of revenue described in the previous section result in the following total revenue:

Normal-Case Scenario: In the normal-case scenario, a turnover potential of €196.65 million is calculated, representing an 18.62% increase in revenue. With 95.26% (€187.32 million), the largest share is generated with the new subscription model. Revenue from the new advertising strategy amounts to 4.74% (€9.32 million), of which 51.02% (€4.76 million) is generated by targeted advertising. Assuming that the turnover from all other business areas (€22.32 million) remains the same, the resulting turnover potential can be estimated at €218.97 million, corresponding to a growth of 16.41% compared to the current total turnover.

Worst-Case Scenario: In the worst-case scenario, a revenue increase of 14.30% compared to the current subscriber business can be achieved. Overall, the total turnover would be €189.49 million and thus €23.71 million higher than the present. The revenues from the subscription model account for 93.85% of total turnover, non-targeted ads for 3.01% and targeted ads for

3.14%. If the turnover from all other business areas is added, the turnover amounts to €211.81 million, representing a 12.61% growth to the current total turnover.

Best-Case Scenario: Similarly, in the best-case scenario, the new subscription model generates a large part of the revenue (98.05%). The revenue from the new advertising business accounts for only a minor share of the turnover. However, with the turnover from the new subscription strategy totalling €208.23 million, a total turnover of €212.37 million can be achieved, which would mean a 28.10% growth in turnover compared to the current customer and subscriber business. Adding the revenues from other business areas, a turnover of €234.69 million can be achieved, equalling an increase of 24.77%.

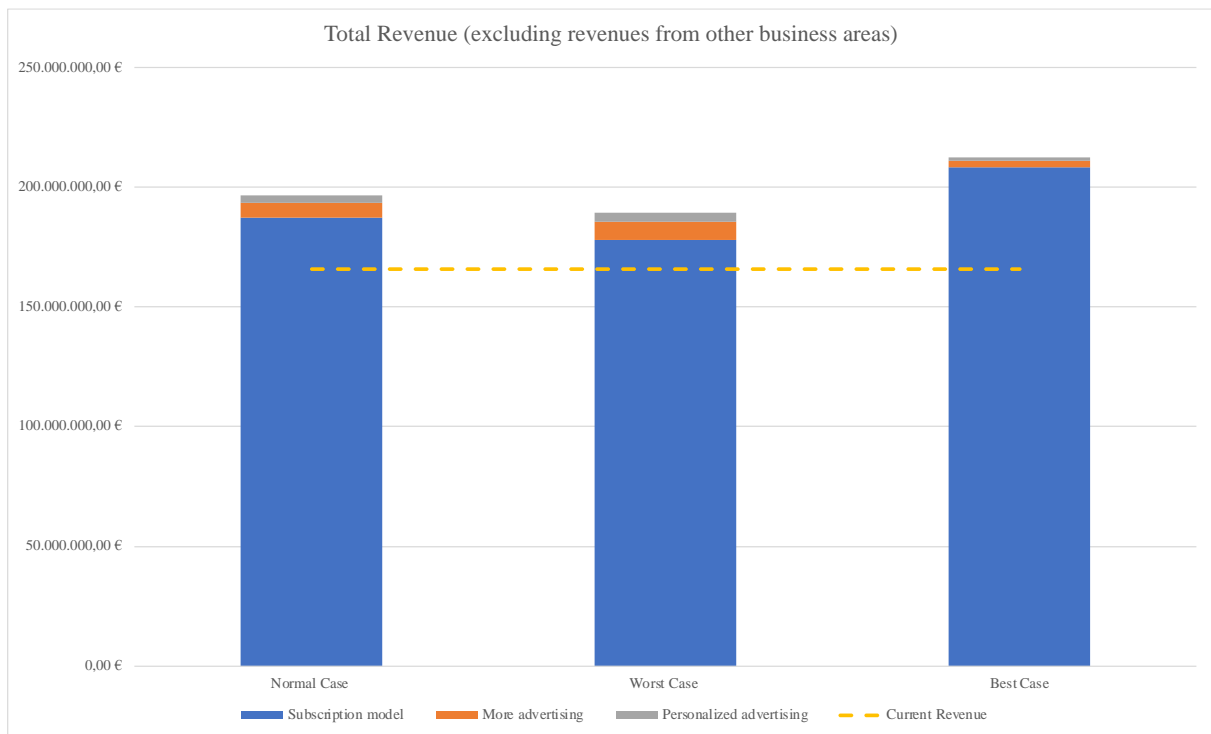


Figure 1: Total Revenue

All in all, the new subscription and advertising strategy can potentially increase revenue in all three scenarios analysed. While turnover (revenue from other business areas excluded) can be increased by 14.30% in the worst-case scenario, turnover can rise to €196.65 million (+18.62%) in the normal-case scenario and €212.37 million (+28.10%) in the best-case scenario. Thereby,

the majority of the revenue would be earned through user fees. Moreover, advertising partnerships would account for an average of just under 5%. Therefore, the LP should combine its efforts to attract a more significant number of viewers and thus increase advertising revenues.

5.5 Impact on the Potential Distribution Model

As described in more detail in chapter 3, from the 2027/28 season onwards, the TV and media rights of LP will be sold centrally, resulting in a new distribution model. This model aims to allocate broadcasting revenues more equitably by distributing 50% equally among teams, 25% based on performance, and 25% based on social impact (Servir o Benfica 2022). Furthermore, Servir o Benfica (2022) analysed the potential impact of this distribution model on the total TV and media revenues for LP's clubs in the 2018/19 season (Appendix 13). On the one hand, the study highlights that the new distribution model could lead to an increase in revenue for many clubs. On the other hand, the big four Portuguese clubs (SL Benfica, FC Porto, Sporting CP, SC Braga), which are supported by a large majority of the fans and represent Portugal internationally, will likely face significant financial losses. For this reason, it is essential to examine how clubs' revenues would change after introducing the new strategies, compared to the revenues of the 2018/19 season (individual contracts and new distribution model). Furthermore, assuming the proposed strategy's implementation costs can be covered by additional advertising and income from other business areas, any newly generated revenue would be used to acquire TV and media rights.

Normal-Case Scenario

Despite TV revenues for the LP rising to €196.65 million, the major Portuguese clubs lose between 11% and 53% of their TV revenue compared to the status quo (individual contracts season 2018/19). All the other clubs enjoy significant revenue gains; Vitória SC can even expect an increase of 545%. Moreover, by applying LP's proposed distribution model to the total TV

revenue for the 2018/19 season (€172 million) and comparing it to the TV income generated by the new advertising strategy, teams can increase their revenue by 14%.

Club	Equal Distribution	Performance Factor	Social Factor	Total	Difference to new Dist. Model	Difference to Individual Contracts
SL Benfica	5,5	8,3	12,6	26,4	14%	-37%
FC Porto	5,5	7,4	9,7	22,6	14%	-46%
Sporting CP	5,5	6,4	7,9	19,7	14%	-53%
SC Braga	5,5	5,5	2,8	13,8	14%	-11%
Vitória SC	5,5	4,5	4,3	14,2	14%	545%
Moreirense FC	5,5	3,4	0,5	9,4	14%	328%
Rio Ave FC	5,5	2,4	0,8	8,7	14%	296%
Boavista FC	5,5	1,7	1,9	9,1	14%	313%
Belenenses SAD	5,5	1,5	0,7	7,6	14%	247%
CD Santa Clara	5,5	1,4	0,9	7,8	14%	253%
CS Marítimo	5,5	1,3	1,5	8,3	14%	276%
Portimonense SC	5,5	1,1	0,8	7,4	14%	235%
Vitória FC	5,5	1,0	1,1	7,6	14%	246%
CD Aves	5,5	0,9	0,6	7,0	14%	216%
CD Tondela	5,5	0,8	0,6	6,9	14%	213%
GD Chaves	5,5	0,7	1,1	7,2	14%	228%
CD Nacional	5,5	0,6	0,6	6,6	14%	202%
CD Feirense	5,5	0,3	0,7	6,5	14%	196%
Total	98	49	49	197		

Table 2: Analysis of TV Money in the Normal-Case Scenario

Worst-Case Scenario

In the worst-case scenario, the clubs would receive a combined amount of €189.49 million through acquiring their television and media rights. Consequently, if the new distribution model is applied, the major clubs would see a decline in revenue; first and foremost, Sporting CP would lose 55% of its TV revenue compared to the individual contracts from season 2018/19. Conversely, the biggest beneficiary would be Vitória SC, which would see an increase of 521% (Appendix 14). However, all clubs would receive a 10% increase in TV revenue with the new strategy if the LP's new distribution model had already been applied in the 2018/19 season.

Best-Case Scenario

In the best-case scenario, a total amount of €212.37 million would be available for distribution, €40.27 million more compared to the 2018/19 season. Despite this substantial increase in revenue, the four largest Portuguese clubs would again lose income, especially Sporting CP, which would see a 49% drop compared to its individual contract of the season 2018/19. All remaining clubs would more than double their income. Compared to the 2018/19 season

(applying the new distribution model), TV rights revenue would increase by 23% (Appendix 15).

In conclusion, despite these significant revenue gains, the biggest four Portuguese clubs would lose revenue as a result of the new distribution model proposed by LP in all three scenarios. Nonetheless, the strategy presented in this paper can significantly reduce their losses. Moreover, the remaining clubs can expect a considerable revenue surplus from the centralised allocation of TV rights.

6 Conclusion

In the past decade, most European football leagues have adopted a centralised model for the sale of broadcasting rights which has resulted in growth in total revenues and a more equitable distribution of these revenues among teams. As such, the PFA has decided to adopt the same approach. However, research shows that this would have an adverse effect since the four largest Portuguese football teams would likely suffer substantial revenue declines, harming Portuguese football as a whole. To avoid this, broadcasters are under pressure to find new ways to increase revenues.

The findings of this paper reveal that the potential of advertising in football is yet to be fully harnessed and suggest that broadcasters can boost their earnings by introducing an advertising-based subscription model and targeted advertising. The results suggest that there is significant interest in a cheaper ad-supported subscription model, indicating potential to gain additional subscribers. By leveraging consumer data to generate detailed insights about their audience, broadcasters can demand higher prices from brands and advertisers in exchange for their ad space. However, amid growing privacy concerns, broadcasters need to pay close attention to data protection regulations and developments that could restrict access to third party data. By doing so and being able to effectively leverage first-party data, broadcasters can gain a competitive advantage. As a result, broadcasters that can effectively implement the proposed

ideas and recommendations could increase revenues by up to almost 30%. Nonetheless, while this would be a substantial increase in revenue, given the proposed distribution model, it would not be sufficient to prevent the four largest Portuguese clubs, namely SL Benfica, FC Porto, Sporting CP, and SC Braga, from sustaining revenue declines. Since broadcasters would need to increase revenues by roughly 100%, this solution only provides an important step towards preserving Portuguese football under a centralised broadcasting model.

7 Limitations and Future Research

Due to the limited access to data, this work project is subject to limitations. Specifically, within the financial evaluation numerous assumptions had to be made. Although the project idea was evaluated for different scenarios, it is important to note that depending on the numbers chosen, the projected outcome may vary significantly. For this reason, further research should involve relevant stakeholders to gain access to more comprehensive data, allowing for a more accurate prediction of the idea's financial impact. Finally, our findings imply that greater effort should be directed toward identifying an effective distribution model and alternate revenue streams for football broadcasters in order to ensure the long-term viability of Portuguese football.

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Appendix

Appendix 1

Illustration and Application of SCQA Framework



Source: Own illustration based on Minto (2010)

Appendix 2

Distribution Broadcast Revenues in European Football Leagues

In some cases, it is difficult to obtain exact figures from the various leagues, so local newspaper articles have also been used.

Spain, LaLiga, Season 2020/2021		
Total Revenue	Distribution System	Best and lowest earning team
€1,445 m	50% equally, 25% sporting merit, 25% fan base No difference between domestic and international distribution	FC Barcelona, €166 m SD Huesca, €47 m

Source: (LaLiga 2021; Deloitte 2022; UEFA Intelligence Centre 2021)

England, Premier League, Season 2020/2021		
Total Revenue	Distribution System	Best and lowest earning team
£2,518 m	Domestic: 50% equally, 25% sporting merit, 25% TV appearance International: 90% equally, 10% sporting merit	Manchester City, £153 m Sheffield United, £98 m

Source: (Premier League 2021; UEFA Intelligence Centre 2021; Deloitte 2022)

Netherlands, Eredivisie, Season 2022/2023		
Total Revenue	Distribution System	Best and lowest earning team
€74 m	Domestic: 100% sporting merit International: 100% equally	Ajax Amsterdam, €9 m FC Volendam, €2 m

Source: (Yvonne van Beek 2022; UEFA Intelligence Centre 2021; Deloitte 2022)

Turkey, Süper Lig, Season 2021/2022		
Total Revenue	Distribution System	Best and lowest earning team
no data	Domestic: 37% equally, 63% sporting merit International: no data	Fenerbahçe Istanbul, \$13 m no data

Source: (Daily Sabah 2022; UEFA Intelligence Centre 2021; Deloitte 2021)

Germany, Bundesliga, Season 2021/2022		
Total Revenue	Distribution System	Best and lowest earning team
€986 m	Domestic: 53% equally, 42% sporting merit, 3% young development, 2% clubs' popularity International: 25% equally, 50% sporting merit, 25% sporting merit international	Bayern Munich, €90 m SpVgg Greuther Fürth, €28 m

Source: (Fernsehgelder.de 2021; DFL 2020; UEFA Intelligence Centre 2021; Deloitte 2021)

Italy, Serie A, Season 2021/2022		
Total Revenue	Distribution System	Best and lowest earning team
€966 m	Domestic: 50% equally, 30% sporting merit, 20% clubs' popularity No difference between domestic and international distribution	Inter Milano, €73 m Salernitana, €27 m

Source: (Matteo Spaziante 2022; UEFA Intelligence Centre 2021)

Appendix 3

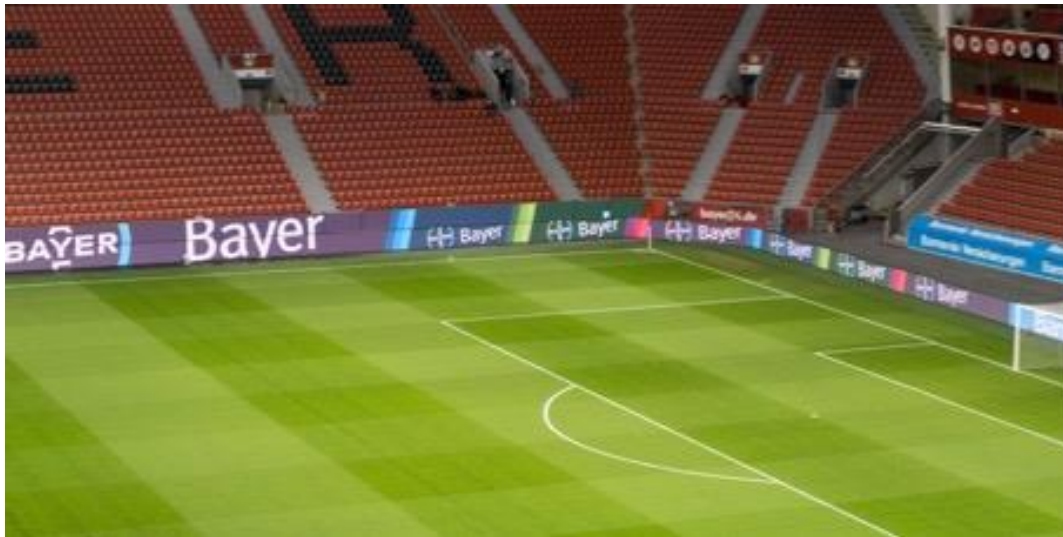
Revenue from Broadcast Deals

Country / League	Total Revenue from Broadcast Deals per Season in € m										Growth Rates	
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2012/13 vs 2021/22	2016/17 vs 2021/22
England Premier League	1.255	2.256	2.442	2.505	3.643	3.512	3.555	3.602	3.635	3.635	190%	0%
Spain LaLiga	845	927	947	862	1.688	1.688	1.808	2.049	2.049	2.049	142%	21%
Italy Serie A	967	967	967	1.151	1.151	1.151	1.313	1.313	1.313	1.132	17%	-2%
Germany Bundesliga	444	669	669	794	794	1.335	1.440	1.440	1.440	1.249	181%	57%
France Ligue 1	640	640	640	640	771	771	818	818	652	660	3%	-14%
Portugal Primeira Liga	63	65	77	84	119	126	172	198	198	198	214%	66%
Turkey Süper Lig	259	259	256	328	328	453	453	371	371	371	43%	13%
Netherlands Eredivisie	46	107	118	118	118	118	119	119	119	119	159%	1%
Belgium First Division A	61	61	75	75	75	83	83	83	103	103	69%	37%
Poland Ekstraklasa	28	28	26	32	32	32	32	50	50	50	79%	56%

Source: own illustration based on (UEFA Intelligence Centre 2021)

Appendix 4

LED Advertising Perimeter Board



Source: Atelier für Mediengestaltung (2022)

Appendix 5

Virtual Perimeter Advertising



Source: DFL (2018)

Appendix 6

Broadcaster in Portugal

Criteria/Broadcaster	Sport TV	Eleven Sports	Benfica TV
Website	https://www.sporttv.pt	https://elevensports.com	https://www.slbenfica.pt/pt-pt/btv/adesao-online
Launch	1998	2018	2008
Ownership	25% Olivedesportos 25% Altice Portugal 25% NOS 25% Vodafone Portugal	MP & Silva	S.L. Benfica
Subscriber	≈ 550,000	-	300,000
Monthly cost	€25.99	€9.99	€9.90
International	Yes	Yes	Yes
Other Sports	basketball, volleyball, futsal, surf, athletics,	basketball, futsal, motorsports, paddel	-
Streaming possible	-	Yes	Yes
Broadcasting rights	Sport TV	Eleven Sports	Benfica TV
Primeira Liga	X		X
UEFA Champions League		X	
UEFA Europa Liga			
Premier League		X	
LaLiga		X	
Serie A	X		
Bundesliga	X		
Ligue 1		X	
Eredivisie		X	

Source: own illustration based on (Alexandra Machado 2021; Sport TV 2022b)

Appendix 7

Illustration and Application of the Conceptual Revenue Model Framework



Source: Professor Meyer (2019)

Conceptual Revenue Model Framework	
WHO pays?	- Users - Advertisers
WHAT is paid?	- Money - Personal Data
FOR WHAT is paid?	- Per Subscription - Per one Sec of ad space
HOW is paid?	- Subscription - Advertisers pay directly
How much is paid?	- Tier-2 pricing model (€30 for the premium option and most likely €22.50 for the basic version) - Price for the advertising space depends on the number of viewers (normal-, worst-, best-case scenario)

Source: own illustration, based on (Professor Meyer 2019)

Appendix 8

Calculation of Current User Number

Revenue Sport TV	188.100.000,00 €
Revenue from the subscription and customer business	165.780.786,66 €
Annual revenue per user (€25 x 12)	300
Current Number of Subscribers	552.603
Assumption	≈550.000

Source: own illustration based on Pekic (2019); SKY (2012)

Appendix 9

Expected Revenue from new Subscription Model (Normal-Case Scenario)

Normal Case			
	Basic (22,50€)	Premium	Overall
Users, switching from Premium to Basic	38%	0%	
	209.000	0	
New Users (% of existing number of users)	5%	0%	
	27.500	0	27.500
Existing users	0	341000	
Total number of users	236.500	341.000	577.500
Monthly Price	22,50 €	30,00 €	
Annual Price	270,00 €	360,00 €	
Revenue	63.855.000,00 €	122.760.000,00 €	186.615.000,00 €
		<i>Difference to 2019</i>	20.834.213,34 €

Source: own illustration

Appendix 10

Match Interruptions FC Porto vs Sporting CP 2017/18

Incident	Frequency	Total Duration (in sec)	Average Duration (in sec)
Corner kick	16	389	24
Discussion	1	150	150
Foul	32	643	20
Goal	3	186	62
Goal kick	17	417	25
Injury	3	359	120
Substitution	4	138	35
Throw-in	42	482	11
VAR	1	86	86
Total	119	2850	24

Source: own illustration

Appendix 11

Match Interruptions FC Porto vs Benfica 2021/22

Incident	Frequency	Total Duration (in sec)	Average Duration (in sec)
Discussion	1	90	90
Goal kick	12	275	23
Injury	3	318	106
Substitution	3	122	41
VAR	2	193	97
Total	21	998	48

Source: own illustration

Appendix 12

Advertising Revenue Normal-Case Scenario

Normal case	
Basic ad supported subscribers	41%
Average TV viewers per match	86.000
Ad-supported subscribers per match	35.219
Price for 1 sec	20,73 €
Advertising time	100%
Total advertising time in sec	1038
Advertising revenue for one game	21.514,41 €
Games	306
Total advertising revenue	6.583.408,10 €

Source: own illustration

Appendix 13

Total TV and Media Revenue of all Clubs in the 2018/19 Season with the new Distribution Model

Club	Equal Distribution	Performance Factor	Social Factor	Total Revenue
SL Benfica	4,8	7,3	11,0	23,1
FC Porto	4,8	6,5	8,5	19,8
Sporting CP	4,8	5,6	6,9	17,3
SC Braga	4,8	4,8	2,5	12,0
Vitória SC	4,8	3,9	3,7	12,4
Moreirense FC	4,8	3,0	0,5	8,2
Rio Ave FC	4,8	2,1	0,7	7,6
Boavista FC	4,8	1,5	1,7	7,9
Belenenses SAD	4,8	1,3	0,6	6,7
CD Santa Clara	4,8	1,2	0,8	6,8
CS Marítimo	4,8	1,1	1,4	7,2
Portimonense SC	4,8	1,0	0,7	6,5
Vitória FC	4,8	0,9	1,0	6,7
CD Aves	4,8	0,8	0,5	6,1
CD Tondela	4,8	0,7	0,6	6,0
GD Chaves	4,8	0,6	0,9	6,3
CD Nacional	4,8	0,5	0,5	5,8
CD Feirense	4,8	0,3	0,6	5,7
Total	86	43	43	172

Source: own illustration based on Servir o Benfica (2022)

Appendix 14

Analysis of TV Money in the Worst-Case Scenario

Club	Equal Distribution	Performance Factor	Social Factor	Total	Difference to new Dist. Model	Difference to Individual Contracts
SL Benfica	5,3	8,0	12,1	25,4	10%	-39%
FC Porto	5,3	7,2	9,4	21,8	10%	-48%
Sporting CP	5,3	6,2	7,6	19,0	10%	-55%
SC Braga	5,3	5,3	2,7	13,3	10%	-14%
Vitória SC	5,3	4,3	4,1	13,7	10%	521%
Moreirense FC	5,3	3,3	0,5	9,1	10%	313%
Rio Ave FC	5,3	2,3	0,8	8,4	10%	282%
Boavista FC	5,3	1,7	1,8	8,8	10%	298%
Belenenses SAD	5,3	1,4	0,7	7,3	10%	234%
CD Santa Clara	5,3	1,3	0,9	7,5	10%	240%
CS Marítimo	5,3	1,2	1,5	8,0	10%	262%
Portimonense SC	5,3	1,1	0,7	7,1	10%	223%
Vitória FC	5,3	1,0	1,1	7,3	10%	233%
CD Aves	5,3	0,9	0,6	6,7	10%	204%
CD Tondela	5,3	0,8	0,6	6,6	10%	202%
GD Chaves	5,3	0,7	1,0	6,9	10%	216%
CD Nacional	5,3	0,6	0,6	6,4	10%	191%
CD Feirense	5,3	0,3	0,7	6,3	10%	185%
Total	95	47	47	190		

Source: own illustration

Appendix 15

Analysis of TV Money in the Best-Case Scenario

Club	Equal Distribution	Performance Factor	Social Factor	Total	Difference to new Dist. Model	Difference to Individual Contracts
SL Benfica	5,9	9,0	13,6	28,5	23%	-32%
FC Porto	5,9	8,0	10,5	24,4	23%	-42%
Sporting CP	5,9	6,9	8,5	21,3	23%	-49%
SC Braga	5,9	5,9	3,0	14,9	23%	-4%
Vitória SC	5,9	4,8	4,6	15,3	23%	596%
Moreirense FC	5,9	3,7	0,6	10,2	23%	363%
Rio Ave FC	5,9	2,6	0,9	9,4	23%	328%
Boavista FC	5,9	1,9	2,1	9,8	23%	346%
Belenenses SAD	5,9	1,6	0,7	8,2	23%	274%
CD Santa Clara	5,9	1,5	1,0	8,4	23%	281%
CS Marítimo	5,9	1,4	1,7	8,9	23%	306%
Portimonense SC	5,9	1,2	0,8	8,0	23%	262%
Vitória FC	5,9	1,1	1,2	8,2	23%	274%
CD Aves	5,9	1,0	0,6	7,5	23%	241%
CD Tondela	5,9	0,9	0,7	7,4	23%	238%
GD Chaves	5,9	0,7	1,1	7,8	23%	254%
CD Nacional	5,9	0,6	0,7	7,2	23%	226%
CD Feirense	5,9	0,4	0,8	7,0	23%	220%
Total	106	53	53	212		

Source: own illustration